ESTTA Tracking number: **ESTTA436208**

Filing date: **10/17/2011**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91196926
Party	Plaintiff GMA Accessories, Inc.
Correspondence Address	JEFFREY I SCOTT THE BOSTANY LAW FIRM PLLC 75 WALL STREET NEW YORK, NY 10005 UNITED STATES mail@bozlaw.com
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Kathryn C. Haertel
Filer's e-mail	k.haertel@bozlaw.com
Signature	/KCH/
Date	10/17/2011
Attachments	Notice of Motion 10.17.11.pdf (1 page)(29131 bytes) Brief.10.10.11.pdf (8 pages)(315671 bytes) Notice of Motion and Memo of Law 10.17.11.pdf (1 page)(22505 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

----------x

GMA ACCESSORIES, INC.,

Opposer,

Opposition No.: 91196926

- against -

NOTICE OF MOTION

DORFMAN-PACIFIC CO.,

Applicant.

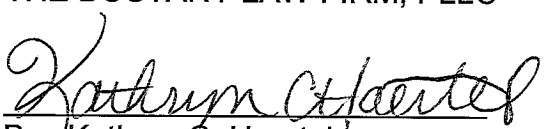
----------x

Mark: CAPPELLI STRAWORLD
Serial No.: 77-965, 616
Class (es): 18, 25

PLEASE TAKE NOTICE upon the accompanying memorandum of law, and all prior pleadings and proceedings, the undersigned hereby moves this Honorable Board for an Order dismissing each and every allegation contained in the paragraphs marked "6" and "8" of Applicant's Second Amended Counterclaim and for such further relief as this Board deems proper.

Dated: October 17, 2011

Respectfully submitted,
THE BOSTANY LAW FIRM, PLLC



By: /Kathryn C. Haertel/
Attorneys for Opposer
75 Wall Street, Ste. 24F
New York, New York 10005
(212) 530-4400

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

----------x

GMA ACCESSORIES, INC.,

Opposer,

Opposition No.: 91196926

against –

BRIEF IN SUPPORT OF MOTION TO DISMISS COUNTERCLAIMS

DORFMAN-PACIFIC CO.,

Applicant.

----------x

Mark: CAPPELLI STRAWORLD
Serial No.: 77-965, 616
Class (es): 18, 25

PRELIMINARY STATEMENT

Applicant is the successor to CAPELLI STRAWORLD which was a party to a Cancellation Proceeding in 2006 that resulted in cancellation of the mark CAPPELLI. Now Dorfman-Pacific Co. (hereinafter "Dorfman") is seeking to register the mark CAPPELLI STRAWORLD and in response to GMA Accessories, Inc.'s (hereinafter "GMA") Opposition Notice, Dorfman filed counterclaims seeking to cancel GMA's CAPELLI registration in an obvious strike reaction to GMA's Opposition. In particular, applicant has counterclaimed to cancel Opposer's Registrations for the mark CAPELLI in classes 14, 24, 09, 25, 03, 28 and 26. The counterclaims are based on four grounds that are alleged in a conclusory fashion on information and belief: genericness, descriptiveness, abandonment, and fraud.

The Board, in an Order dated August 26, 2011, granted the motion with respect to applicant's abandonment and fraud counterclaims without prejudice to replead, "failing which the abandonment and/or fraud counterclaims will be dismissed with prejudice." Order, p. 12-14. Applicant filed amended counterclaims which once again failed to adequately plead its counterclaims for abandonment and fraud. The Board should dismiss these claims with prejudice.

ARGUMENT

I. Applicant's Second Amended Counterclaim fails to comply with the Board's Order, dated August 26, 2011.

The Board, in its order dated August 26, 2011, previously reviewed this motion to dismiss under Fed. R. Civ. P. 12 (b) (6), stating:

> "[i]n order to avoid dismissal for failure to state a claim, a complaint must allege facts "plausibly suggesting (not merely consistent with)" a showing of entitlement to relief. See, *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 557, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007); *Cambridge v. United States*, 558 F.3d 1331, 1335 (Fed. Cir. 2009). At the same time, a court is "not bound to accept as true a legal conclusion couched as a factual allegation." *Twombly*, 550 U.S. at 555, 127 S.Ct. 1955 (quoting *Papasan v. Allain*, 478 U.S. 265, 286, 106 S.Ct. 2932).

Order, p. 10-11, citing *Acceptance Insurance Companies, Inc. v. United States*, 583 F.3d 849, 854 (Fed. Cir. 2009). As noted by the Board, "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." *Id.* at 11, quoting *Ashcroft v. Iqbal*, 129 S.Ct 1937, 1949 (2009) (citing *Twombly*, 550 U.S. at 555).

In the present case, applicant's repleading of its counterclaims for cancellation based on abandonment and fraud fail to comply with the Board's order, dated August 26, 2011.

II. Applicant has failed to state a valid claim of abandonment.

A trademark shall be deemed abandoned if "its use has been discontinued with intent not to resume such use." Order, p. 11, citing 15 U.S.C. § 1127. The question is whether a party's conduct constitutes "cessation of commercial use and an intent not to resume such use." *Person's Co. v. Christman*, 900 F.2d 1565, 1571 (Fed.Cir.1990). The Board's Order of August 26, 2011, dismissing Dorfman's abandonment counterclaim without prejudice, ruled as such when it held that "not only has applicant failed to allege when opposer ceased use of its mark in connection with any specific goods, but applicant also fails to allege that opposer has an 'intent not to resume' use of its pleaded mark." Order, p. 12-13.

Once again, applicant has failed to meet the standard enunciated by the Board. In applicant's Second Amended Counterclaim, applicant admits that opposer "prominently and consistently uses CAPELLINEWYORK and CAPELLI NEW YORK, in connection with all of its goods, including hats, tote bags and hand bags, which are the subject of Applicant's application herein, as well as its incontestible trademark registration." Second Amended Counterclaim, ¶ 6, 8. Simply put, applicant readily acknowledges that opposer continues to use "CAPELLINEW YORK" and "CAPELLI NEW YORK" on the face of its Second Amended Counterclaim. Thus, even assuming

the allegations on the face of the Second Amended Counterclaim are true and correct, applicant is not entitled to relief.

In addition, the Board directed that the applicant allege a specific point in time at which opposer allegedly ceased use of its mark. Order, p. 12. Applicant did not comply. Instead, applicant concedes that opposer prominently and consistently uses "CAPELLINEW YORK" and "CAPELLI NEW YORK." Second Amended Counterclaim, ¶ 6, 8. Applicant's Second Amended Counterclaim again only makes a broad allegation to cessation of use. Second Amended Counterclaim, ¶ 6. Applicant states that opposer "has not used such registered mark during the more than three (3) years since that date [2006], and Opposer has an intent not to use or to resume use of its pleaded mark." *Id.* at ¶ 6. Accordingly, applicant's abandonment claim should be dismissed for failing to state a claim under Rule 12 (b) (6).

III. Applicant's Second Amended Counterclaim fails to adequately plead its allegations of fraud.

A. Applicant has failed to comply with the Fed. R. Civ. P. 9 (b) in material respects and its counterclaim for fraud should be dismissed with prejudice.

The Board previously held applicant's prior Amended Counterclaim for fraud was insufficiently pled. Order, p. 13-14. Specifically, the Board ruled that "under Fed. R. Civ. P. 9 (b), as well as Fed. R. Civ. P. 11 and USPTO Rule 11.18, 'the pleadings must contain explicit rather than implied expression of the circumstances constituting fraud.'" *Id.* The Board stated that the applicant's prior amended counterclaims had failed to specify any of the formal application papers which are alleged to include false statements. *Id.* at 13.

In addition, applicant's allegation that opposer's allegedly false statements were made "knowingly" and "with the intent to induce" the Office to grant opposer's registrations to which it was not entitled were based solely "upon information and belief." *Id.* The Board cited the standard that "pleadings of fraud made 'on information and belief,' when there is no allegation of 'specific facts upon which the belief is reasonably based' are insufficient." *Id.* (quoting Asian and Western Classics B.V. v. Selkow, 92 USPQ2d 1478, 1479 (TTAB 2009)).

Once again, applicant's pleadings fall short of the established standard. Applicant's Second Amended Counterclaim is quite the same as the first in respect to its fraud allegations and is insufficiently pled under Fed. R. Civ. P. 9 (b). In applicant's prior Amended Counterclaim, applicant alleged that opposer's pleaded registrations "were obtained fraudulently in that the formal application papers filed by the opposer stated that the registered mark was being used in association with goods offered by Opposer when, in fact, upon information and belief, Opposer's registered marks were not being used in association with such goods." Amended Counterclaim, ¶ 8. In applicant's Second Amended Counterclaim, applicant has not included any specific facts which might inform a reasonable belief, as required by the Board's Order. Second Amended Counterclaim, ¶ 8. In so doing applicant has not followed the Board's Order that it allege specific facts upon which its "information and belief" are based. Order, p. 13-14.

Applicant has once again merely recited that it believes opposer has never used its mark since the opposer uses "CAPELLINEW YORK" and "CAPELLI NEW YORK." Second Amended Counterclaim, ¶ 8. Here, applicant is utilizing the same argument the

Board rejected previously when it held that applicant had not provided any specific facts upon which applicant's belief was based. Order, p. 13-14. Even if applicant's Second Amended Counterclaim does contain a reference to specific formal application papers, applicant has still not provided any specific facts upon which it bases its allegations of fraud. Second Amended Counterclaim, ¶ 8. Moreover, at no point in time has the applicant cited any specific facts that would inform any reasonable belief opposer made "false statements with the intent to induce" the Office to grant opposer's registrations to which opposer was not entitled. Order, p. 13-14, citing Amended Counterclaim, ¶ 8.

The conclusory allegations set forth by applicant do not satisfy any of the requirements of Rule 9 (b). The standard set forth by the Board in its order requires that applicant's pleading not only contain explicit expression of the circumstances constituting fraud, but, as since founded solely on information and belief, the pleading must also allege "specific facts upon which the belief is reasonably based." *Id.* at 13. As applicant has failed to comply with the Board's Order of August 26, 2011, the Board should dismiss applicant's counterclaim for fraud with prejudice.

B. The protections afforded by Fed. R. Civ. P. 9(b) warrant additional scrutiny by the Board, especially under the circumstances surrounding these particular allegations of fraud.

"When the complaint contains allegations of fraud, however, Fed. R. Civ. P. 9 (b) requires that 'the circumstances constituting fraud ... be stated with particularity.' We have stated that 'the complaint must: (1) specify the statements that the plaintiff contends were fraudulent, (2) identify the speaker, (3) state where and when the statements were made, and (4) explain why the statements were fraudulent.'" *Acito v. IMCERA Group, Inc.*, 47 F.3d 47 (2nd Cir. 1995). "Rule 9 (b) is intended 'to provide a

defendant with fair notice of a plaintiff's claim, to safeguard a defendant's reputation from 'improvident charges of wrongdoing,' and to protect a defendant against the institution of a strike suit". *Id. See also, O'Brien v. National Property Analysts Partners*, 936 F.2d 674 (2nd Cir. 1991) (Rule 9 (b) is designed to "safeguard a defendant's reputation from 'improvident charges of wrongdoing,' and to protect a defendant against the institution of a strike suit").

Applicant has sought to cancel the registration of CAPELLI in response to GMA's opposition to its registration. In addition, applicant has alleged that the pleaded registrations of GMA itself were obtained by fraud. Second Amended Counterclaim, Second Amended Counterclaim, ¶ 8. This is precisely the set of circumstances which generally warrant additional scrutiny on the actions of plaintiffs in order to follow Rule 9 (b)'s mandate of protection for defendants against "strike suits." *O'Brien v. National Property Analysts Partners*, 936 F.2d 674 (2nd Cir. 1991). The filing of oppositions to registration should not be discouraged, or "chilled," out of a fear of retaliatory actions aimed at an opposer's registrations themselves.

In trademark cases, to reiterate, "Rule 9 (b) requires that each allegedly fraudulent statement be identified with particularity, and that specific reference be made to the time, location, content and speaker of each statement. In addition, the party alleging fraud must specify in what respects each of the statements were false and misleading, and the factual basis for believing the defendant acted fraudulently and was responsible." *Great Lakes Mink Ass'n v. Furrari, Inc.*, 1987 WL 33592 (S.D.N.Y. 1987) (citing cases). See also *GMA Accessories, Inc. v. Idea Nuova, Inc.*, 157 F.Supp.2d 234, 243 (S.D.N.Y. 2000); *Kash 'N Gold, Ltd. v. Samhill Corp.*, 1990 WL 196089 (S.D.N.Y.

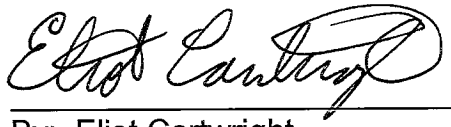
1990). Applicant's Second Amended Counterclaim is based on information and belief and lacks sufficient particularity as well as fails to allege specific facts that would inform a reasonable belief of fraud. Second Amended Counterclaim, ¶ 8. Accordingly, the Board should dismiss applicant's counterclaim for fraud with prejudice.

CONCLUSION:

For the foregoing reasons, applicant's counterclaims for cancellation alleging abandonment and fraud should be dismissed with prejudice.

Dated: New York, NY
October 10, 2011

Respectfully submitted,
THE BOSTANY LAW FIRM, PLLC



By: Eliot Cartwright
Attorneys for Opposer
75 Wall Street
New York, New York 10005
(212) 530-4400

PROOF OF SERVICE

Mark: CAPELLI STRAWORLD
Opposition No.: 91196926
Serial No.: 77/965,616
Classes (es): 18, 25

I, Kathryn C. Haertel, hereby certify that this paper (Notice of Motion and Memorandum of Law) is being deposited with the United States Postal Service on October 17, 2011, postage pre-paid, addressed to the following:

Michael James Cronen, Esq.
Zimmerman & Cronen, LLP
1330 Broadway, Suite 710
Oakland, California 94612-2506

Kathryn C. Haertel, Esq.
THE BOSTANY LAW FIRM, PLLC
Attorneys for Opposer
75 Wall Street, Suite 24F
New York, New York 10005
(212) 530-4400